



Department of Justice

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DEPARTMENT OF JUSTICE ISSUES BUSINESS REVIEW LETTER

WASHINGTON, D.C. -- The Department of Justice today announced that it does not intend to challenge under the antitrust laws a proposal by the Automotive Service Association of Michigan Inc. (ASA) to establish a "supplier discount coupon program."

The Department's position was stated in a business review letter from James F. Rill, Assistant Attorney General in charge of the Antitrust Division, to counsel for ASA.

ASA is a non-profit corporation whose members are independent automotive service and repair shops located throughout Michigan.

Under the proposed supplier discount coupon program, ASA would compile a coupon book providing for price discounts on specific automobile parts sold by various suppliers. ASA intends to implement the supplier discount coupon program in the collision repair market. ASA anticipates that the majority of the repair shops that will purchase coupon books will be smaller, independent collision repair shops that, because of their lack of volume, are unable to purchase automobile parts at the same low prices as their larger competitors.

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Rill's letter stated that the proposal to establish a supplier discount coupon program does not appear likely to reduce competition, either through the exercise of monopsony power, that is, market power among buyers of a product or service, or collusion among ASA members.

The letter also stated that participation in the supplier discount coupon program is not likely to result in the exercise of monopsony power because the likely participants in the supplier discount coupon program perform less than 20 percent of all the available collision repairs in Michigan. Further, the ASA will not negotiate with suppliers on behalf of its members. Suppliers will unilaterally determine the discounts to be offered.

Rill's letter stated that participation in the supplier discount coupon program is not likely to facilitate collusion in the sale of automotive repair services because many repair shops will not participate in the program. Use of the coupons by those that do participate is not likely to result in significantly greater uniformity of the costs of those shops, which could facilitate collusion among them.

Finally, there are no other aspects of the program that would enhance the ability of collision repair shops to reach or sustain a collusive agreement.

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Under the Department's business review procedure, a person or organization may submit a proposed course of action to the Antitrust Division and receive a statement as to whether the division will challenge the activity under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 3233, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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